

REVISED

STATEMENT OF PURPOSE

RS27503 / H0408

The purpose of this legislation is to correct the inequities that exist with regards to how much each city receives from the sales tax distribution formula. The current formula for determining how much each city receives is partially based on the antiquated system of historical calculations based on the now non-existent personal property tax assessed to every Idaho citizen which included among other things, the number of pigs, chickens, cows, silverware and other personal items. The current system creates additional inequities because it relies on property values. This has created a situation where some cities receive ten times the amount than other cities and counties receive when compared to how much they would receive if calculated based solely on population. This legislation establishes a new base amount using the previous year's distribution to each city. If sales tax collections increase, the first 1% of the increase is divided amongst all of the cities. If the state collects more than a 1% revenue increase than the previous year, the excess funds are only distributed to cities that receive less than their respective counterparts based on per capita calculation.

FISCAL NOTE

There will be no fiscal impact to the state. However, cities will see changes to their portion of the sales tax distribution.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).